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FOREIGN POLICY OF THE PEOPLE'S REPUBLIC OF CHINA

JULY 9, 1991.—Ordered to be printed

Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H. Con. Res. 174, which on June 24, 1991, was referred jointly to the Committee on Ways and Means and the Committee on Foreign Affairs]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the concurrent resolution (H. Con. Res. 174) concerning relations between the United States and the People's Republic of China, having considered the same, report favorably thereon without amendment and recommend that the concurrent resolution be agreed to.

BACKGROUND AND PURPOSE

As a permanent member of the United Nations Security Council and as a major player on international issues of concern to the United States and other countries, China plays an important role in determining the prospects for peace and stability in key regions around the world. By playing a positive, constructive role in efforts to reduce tension around the world, China can help reduce substantially the potential for armed conflict and destabilizing arms proliferation. For example, China cooperated in efforts to bring about the withdrawal of Soviet forces from Afghanistan. China supported, or did not obstruct, the efforts of an international coalition to oppose Iraq's invasion of Kuwait. And the Chinese government has agreed to discuss the question of reducing arms sales to the Middle East.

However, as a major supplier of arms and technology, including nuclear and missile technology, China also has the potential to increase the destabilizing forces at work in many regions of the world. Congressional attention has focused recently on credible reports that the government of China is considering, and may be ac-

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tively engaged in, the sale to countries in the Middle East and South Asia of intermediate range ballistic missiles which fall within the limits of the Missile Technology Control Regime. China's sale in 1983 of an unsafeguarded nuclear power reactor to Algeria raises questions about China's commitment to nuclear nonproliferation. It is these and related concerns which House Concurrent Resolution 174 is designed to address.

COMMITTEE ACTION

House Concurrent Resolution 174 was introduced by Congressman Solarz on June 24, 1991. The resolution was referred jointly to the Committees on Foreign Affairs and Ways and Means.

The Subcommittee on Trade held a hearing on June 12, 1991, to discuss a wide range of issues in U.S.-China relations. A number of witnesses, including those from the Administration, testified about actions by the Chinese government regarding transfers of arms and nuclear technology.

On June 26, 1991, the Committee on Ways and Means, by voice vote, ordered House Concurrent Resolution 174 favorably reported to the House of Representatives.

SECTION-BY-SECTION ANALYSIS, COMPARISON WITH PRESENT LAW, AND JUSTIFICATION

Present law

The Missile Technology Control Act, contained in the National Defense Authorization Act of 1990 (Public Law 101-510), establishes controls on the proliferation of missile technology. It provides for the use of sanctions, including import sanctions, against foreign persons knowingly violating those controls. Public Law 99-183, relating to the approval and implementation of the proposed agreement for nuclear cooperation between the United States and China, establishes conditions under which U.S.-Chinese cooperation on the peaceful uses of nuclear energy is to proceed.

Explanation of the resolution

House Concurrent Resolution 174 notes certain areas of past cooperation between the United States and China on international matters of mutual concern. It also notes some recent and prospective actions by the Chinese government regarding missile sales, nuclear proliferation, and other related matters. The resolution expresses the sense of Congress that foreign policy actions by the government of China which undermine U.S. global interests and which are inconsistent with past cooperation between the United States and China will have serious negative consequences for U.S.-China relations, in particular placing in jeopardy the access of Chinese products to the U.S. market through nondiscriminatory tariff status. The resolution also urges the Chinese government to take constructive steps on a unilateral, bilateral, and multilateral basis to reduce tensions in regional military conflicts through a number of actions outlined in the resolution.

Reasons for change

While Chinese cooperation on a number of fronts has been instrumental in gaining the peaceful resolution of disputes and, in the case of the Persian Gulf war, in allowing the successful deployment of a coalition against Iraqi aggression, recent Chinese government behavior has been the source of great concern in a number of areas. The sale of missiles and missile technology to unstable countries, the unsafeguarded sale of nuclear technology, and the transfer of conventional arms to international areas of tension has raised serious concerns in the U.S. Congress about the impact of Chinese actions on U.S. interests. House Concurrent Resolution 174 is designed to send a very strong message to Chinese leaders that their actions in the area of arms proliferation—both conventional and nonconventional—threaten the foundation of cooperative U.S.-Chinese relations, in particular the continuation of China's nondiscriminatory most-favored-nation (MFN) trading status. It is, after all, this same Congress that will be reviewing China's MFN status following the President's recommendation in 1992.

MATTERS REQUIRED TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

Vote of the committee

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote of the Committee in reporting the resolution: House Concurrent Resolution 174 was ordered reported favorably by the Committee by voice vote.

Oversight findings

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives relating to oversight findings, the Committee, based on a public hearing held by the Subcommittee on Trade, has concluded a comprehensive review of United States-China relations, including the question of China's sale of nuclear and missile technology.

With respect to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, no oversight findings or recommendations have been submitted to the Committee by the Committee on Government Operations with respect to the subject matter contained in the resolution.

Budgetary authority and cost estimates

In compliance with clauses 2(l)(3) (B) and (C) of rule XI of the Rules of the House of Representatives, the Committee states that, because House Concurrent Resolution 174 is a nonbinding resolution expressing the sense of the Congress, there are no tax expenditures or new budget authority providing financial assistance to State and local governments included in the resolution, and the resolution will not lead to any increase or decrease in revenue.

Inflationary impact

With respect to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee states that House Concurrent Resolution 174 would not have an inflationary impact on prices and costs in the operation of the general economy.

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